

**Karoo Hoogland Municipality**  
**Notes to the Financial Statements for the year ended 30 June 2014**

**Employment benefits (Continued)**

**Sensitivity analysis on the future service cost and interest cost**

	Percent Change %	Liability Expense R	Percent Change %
Central assumptions		1 315 000	
Normal salary inflation	+1%	1 313 000	0%
Normal salary inflation	-1%	1 127 000	-14%
Withdrawal rates	20%	1 144 000	-13%
Withdrawal rates	-20%	1 297 000	-1%

	2014 R	2013 R
<b>4 Non-current provisions</b>		
Provision for rehabilitation of landfill sites	-	-
<b>Total non-current provisions</b>	<u>-</u>	<u>-</u>

In terms of the licencing of refuse landfill sites, the municipality will not incur rehabilitation cost to restore the landfill.

<b>5 Consumer Deposits</b>		
Water	100 952	97 916
Electricity	63 618	63 463
Solar heating	116 187	133 753
Other	3 818	3 818
<b>Total consumer deposits</b>	<u>284 575</u>	<u>298 950</u>

<b>6 Current Employee Benefits</b>		
Current portion of post retirement benefits	204 000	197 000
Current portion of long-service bonus provisions	104 000	99 000
Bonuses accrued	514 314	613 850
Staff leave	1 062 797	1 264 906
Pension Fund Investment Return Shortfall	-	-
	<u>1 885 111</u>	<u>2 174 756</u>

**Karoo Hoogland Municipality**  
**Notes to the Financial Statements for the year ended 30 June 2014**

	2014 R	2013 R
<b>6.1 Bonuses accrued</b>		
Balance at the beginning of the year	613 851	647 132
Contribution to current portion	901 897	1 103 405
Expenditure incurred	1 136 686	1 136 686
Balance at the end of the year	<u>514 314</u>	<u>613 851</u>

Bonuses are being paid to all municipal staff, excluding section 57 managers. The balance at year end represents the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

<b>6.2 Provision for staff leave</b>		
Balance at the beginning of the year	1 264 906	926 799
Contribution to current portion	(155 635)	547 453
Expenditure incurred	31 903	31 903
Balance at the end of the year	<u>1 062 797</u>	<u>1 264 906</u>

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of staff leave at reporting date. The provision will be realised as employees take leave. There is no possibility of reimbursement.

<b>6.3 Pension Fund Investment Return Shortfall</b>		
Cape Joint Pension Fund	-	-
Total provision	<u>-</u>	<u>-</u>

The Cape Joint Pension Fund's rules determine that the employer must contribute any shortfall if investment revenue does not realise 5%. The Fund indicated that the municipality's share of the shortfall must be paid within 1 financial year.

<b>7</b>	<b>TRADE AND OTHER PAYABLES</b>	<b>2014</b>	<b>2013</b>
	Trade Payables	6 198 458	9 877 663
	Rent	-	-
	Payments received in advance	398 140	299 229
	Other Creditors	391 616	362 726
	Retentions	-	-
	VAT in Suspense	-	-
	Sundry Deposits	-	-
	Staff Tea club	(49)	456
		<u>-</u>	<u>-</u>
	<b>Total Trade Payables</b>	<b>6 988 166</b>	<b>10 540 074</b>

Payables are being recognised net of any discounts. Payables are being paid within 30 days as prescribed by the MFMA. The credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

<b>8</b>	<b>UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS</b>	<b>R</b>	<b>R</b>
	<b>Unspent Grants</b>	6 000	-
	National and Provincial Government Grants	6 000	-
	<b>Less:</b> Unpaid Grants	(409 639)	(415 639)
	National and Provincial Government Grants	(409 639)	(415 639)
	<b>Total Conditional Grants and Receipts</b>	<u>415 639</u>	<u>415 639</u>

Refer to note 18 and appendix B for detailed reconciliation of grants. Unspent grants can be attributed to work in progress at reporting dates.

**9 TAXES**

**9.1 VAT Payable**

VAT payable	1 614 241	1 444 789
VAT output in suspense		
Contribution to provision for impairment of trade exchange receivables		
Opening balance		-
Movement for the year		-

**Total VAT payable**

<u>1 614 241</u>	<u>1 444 789</u>
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**9.2 VAT Receivable**

VAT receivable	817 750	767 865
VAT input in suspense		
Total VAT Receivable	<u>817 750</u>	<u>767 865</u>

**9.3 NET VAT payable**

<u>796 491</u>	<u>676 923</u>
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